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offs—either alone or combined with offshoring or outsourcing—tended to have lower attachment to the firm, higher turnover intentions, and a weaker sense of job security, and were less likely to feel their company was performing well. Outsourcing and offshoring, alone or together, did not have any similar effects. According to Maertz and his colleagues, this makes sense because employees may perceive these two forms of downsizing—especially outsourcing—as potentially less harmful for their jobs and less threatening for their future employment than outright layoffs.

When comparing employees who experienced outsourcing to those who survived offshoring, relatively few differences were found. Nevertheless, survivors of offshoring had less affection for their employers and were less likely to believe that management was fair. In other words, outsourcing is apparently viewed by employees as more benign than offshoring. This could be either because outsourcing is seen as less threatening for jobs or because offshoring is seen as less patriotic, or both.

Although layoffs emerged as definitely the most harmful downsizing form for survivors' morale, Maertz and his colleagues also found exceptions to this pattern. For example, employees who were transferred either to domestic (outsourcing) or to foreign parties (offshoring) felt less empowered and perceived management as less fair compared to their counterparts who had survived layoffs. In addition, offshoring and outsourcing had a stronger multiplicative effect than layoffs, meaning that those who had survived multiple offshoring and outsourcing events declared lower attachment and stronger intentions to quit than their counterparts who had experienced multiple layoffs over the same period of time. Nevertheless, and despite these exceptions, the findings clearly suggested that in the minds of employees layoffs are the most "evil" way to downsize.

Another key finding of the study was that communication by management and whether employees viewed management as ethical did counterbalance the negative influence of downsizing on survivors' perceptions of management fairness, empowerment, and work satisfaction. According to Maertz and his colleagues, this means that the deleterious effects of downsizing on survivors' re-

actions are mitigated when top management spends time to properly communicate the reasons behind downsizing.

In a nutshell, Maertz and his colleagues have clearly shown us that employees surviving job elimination are likely to demonstrate at least some negative reactions. Experiencing layoffs (as opposed to downsizing due to offshoring and outsourcing) appears to be by far the most harmful form of downsizing in terms of damage to survivors' perceptions of the work environment, attachment to their employer, and desire to stay. Of the other two forms, outsourcing appears to be the most benign in terms of survivors' reactions, with offshoring being in-between. On a more positive note, it also appears that management action can act to buffer or neutralize some of the detrimental effects of downsizing on survivor morale, particularly if managers communicate wisely and behave ethically.

Source: Maertz Jr., C. P., Wiley, J. W., LeRouge, C., & Campion, M. A. (2010). Downsizing effects on survivors: Layoffs, offshoring, and outsourcing. *Industrial Relations*, 49(2), 275–285.

Happiness Around the World: Is There More to It Than Money?

Research Brief by Nikos Bozionelos, Professor of Organizational Behavior and International Human Resource Management, Durham Business School, Durham University, United Kingdom, and Ioannis Nikolaou, Associate Professor of Organizational Behavior, Athens University of Economics & Business, Athens, Greece

Does money cause happiness? This has been an omnipresent question across the timeline of human history that has so far evaded a fully satisfactory answer. Social scientists have found that indeed there is a relationship between national wealth and happiness, with inhabitants of wealthier nations generally reporting greater subjective well-being (the term social scientists use for happiness). However, there is still a host of

questions that demand answers about the connection between money and well-being.

First, well-being is a very general concept that has many distinct aspects. Consequently, we need to establish the nature of the relationship between income and various components of well-being (i.e., overall life satisfaction, positive feelings such as enjoyment, and negative feelings such as worry). It is even more important to identify why increases in income might be associated with increases in well-being. Moreover, is it money per se that makes people of wealthier nations happier or is it the existence of other features associated with wealth (e.g., good health facilities and education)? Finally, how universal is the relationship between income and well-being? For example, does income contribute the same to happiness in affluent nations compared to less affluent ones?

Recently, Ed Diener (University of Illinois at Urbana-Champaign and the Gallup Organization), Weiting Ng (Singapore Institute of Management), and James Harter and Raksha Arora (both at the Gallup Organization) conducted a study to shed light on these questions. Diener and his colleagues utilized data from the Gallup World Report, a survey including representative samples of inhabitants from 132 countries. They considered well-being in terms of three factors: general life satisfaction (which represents the individual's general subjective evaluation of his or her own life), experience of positive feelings (e.g., enjoyment), and experience of negative feelings (e.g., sadness, worry).

Diener and his colleagues tested whether these factors were related to country income (gross domestic product per capita) and to personal income. They also examined whether associations between well-being factors and income factors could be explained by fulfillment of three types of needs: physical needs (e.g., food and shelter), social psychological needs (e.g., social networking), and desires for luxury goods (e.g., high-tech gadgets). Finally, Diener and his colleagues looked at whether the strength of the tested relationships differed between wealthy and poorer nations.

Their findings were interesting and shed substantial light on the nature of the relationship between wealth and happiness. In a nutshell, in-

come is indeed related to well-being, but the relationship depends on which facet of well-being is being considered. In particular, national income (GDP per capita) was the most important factor for general life satisfaction, but it was rather unimportant for the experience of positive or negative feelings. Diener and his colleagues also found that the level of positive and negative feelings people experience in their lives is reflected in their level of social psychological prosperity—in short, the extent to which people's social psychological needs were fulfilled.

On the other hand, general life satisfaction was, in part, a reflection of people's contentment with standards of living and their ability to fulfill their desire for luxury goods. Along the same lines, another significant finding was that national income was much more important than individual income for general life satisfaction—implying that it is not only spending ability per se but also the social resources associated with wealth (such as quality health and education institutions) that contribute to well-being. It may also be that simply knowing one lives in a wealthy country adds to life satisfaction.

Taken together, these findings mean that increases in national income are accompanied by more favorable evaluations of life in general, but not by substantial improvements in mood. Improvements in mood seem to occur only when social psychological prosperity is enhanced (e.g., good social relationships exist, as well as freedom of action and opportunities for personal development). On the other hand, ability to buy luxury goods and contentment with living standards appear vital for life satisfaction, but they do very little to improve mood.

A surprising finding at first glance was that the relationship between national income and satisfaction with life was somewhat stronger in affluent countries than in poor ones. One would expect that money is more important when it helps meet basic needs, and this should be especially true in poorer nations. However, as already seen, the relationship between income and general life satisfaction was mainly explained by whether material aspirations (such as buying luxury goods) could be fulfilled. Consequently, since people in wealthier

countries have more opportunities to fulfill material aspirations than those in poorer ones, this finding does make sense.

Diener and his colleagues also created a table where selected countries were rank-ordered in terms of their GDP per capita, psychological prosperity, and well-being factors. The table illustrated the difference it makes when we consider different aspects of wealth (monetary and social) and well-being (life satisfaction and mood). There was no country that scored highest or lowest on all factors, meaning, in essence, that there is no single “happiest” or “least happy” nation in the world, taking everything into account. Some nations, such as the United States, do quite well in economic terms but only moderately well in terms of social psychological prosperity. On the other hand, other nations (e.g., certain Latin American

countries) are mediocre in economic performance but excel in social psychological prosperity.

Overall, Diener and his colleagues have produced a study with profound implications for societal policy development. They illustrate that money or material wealth is by no means the sole determinant of life quality—indeed, social psychological forms of prosperity are also vital. This, according to Diener and his colleagues, means that governments and societies must also pay careful attention to social and psychological issues instead of focusing solely on enlarging their economies.

Source: Diener, E., Ng, W., Harter, J., & Arora, R. (2010). Wealth and happiness across the world: Material prosperity predicts life evaluation, whereas psychological prosperity predicts positive feeling. *Journal of Personality and Social Psychology*, 99, 52–61.

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